

AMENDED IN SENATE MARCH 29, 2005

SENATE BILL

No. 778

Introduced by Senator Florez

February 22, 2005

An act to add Article 1.5 (commencing with Section 865) to Chapter 7 of Division 1 of the Financial Code, relating to banks.

LEGISLATIVE COUNSEL'S DIGEST

SB 778, as amended, Florez. Banks: cashing of paychecks.

Existing law provides for the regulation of banks by the Commissioner of Financial Institutions, including regulation of federally chartered banks to the extent consistent with federal law. Existing law imposes various requirements on banks with regard to deposits, checks, and investments.

~~This bill would prohibit a bank from assessing a charge or fee to cash a paycheck for a person who does not have an account at the bank if the paycheck was issued by the bank for a business client of the bank that provides the paychecks to its employees~~ *require a bank that issues paychecks for a business client to notify the business client that it is required to pay for any charge or fee assessed by the bank for the cashing of those paychecks by employees who do not have an account at the bank.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Article 1.5 (commencing with Section 865) is
- 2 added to Chapter 7 of Division 1 of the Financial Code, to read:

Article 1.5. Paycheck Charges

1
2
3 865. ~~A bank shall not assess any charge or fee to cash a~~
4 ~~paycheck for a person who does not have an account at the bank~~
5 ~~if the paycheck was issued by the bank for a business client of~~
6 ~~the bank that provides the paychecks to the employees of the~~
7 ~~business client. In order for an employer to comply with Section~~
8 ~~212 of the Labor Code, a bank that issues paychecks for a~~
9 ~~business client of the bank that provides the paychecks to~~
10 ~~employees of the business client shall notify the business client~~
11 ~~that it is required to pay for any charge or fee assessed by the~~
12 ~~bank for the cashing of those paychecks by employees who do not~~
13 ~~have an account at the bank.~~

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